

### **What is CHAMPVA?**

CHAMPVA (the Civilian Health and Medical Program of the Department of Veterans Affairs) is a federal health benefits program administered by the Department of Veterans Affairs. CHAMPVA is a fee for service (indemnity plan) program. CHAMPVA provides reimbursement for most medical expenses – inpatient, outpatient, mental health, prescription medication, skilled nursing care, ambulance, and durable medical equipment (DME). There is a very limited adjunct dental benefit that requires preauthorization.

### **Is there a deductible requirement?**

Yes. There is an annual (calendar year) deductible for covered outpatient medical services and supplies. The deductible is \$50 per beneficiary or a maximum of \$100 per family per year. The annual deductible must be paid prior to CHAMPVA paying 75% of the allowable amount.

There is no deductible for inpatient services, ambulatory surgery facility services, partial psychiatric day programs, hospice services, services provided in VA CITI facilities, or for medications received through the Meds by Mail program.

### **Is there a beneficiary cost share (co-payment) requirement?**

Yes. CHAMPVA is a cost-sharing program. A cost share, or co-payment, is the portion of the CHAMPVA-determined allowable amount that the beneficiary is required to pay. With few exceptions, a beneficiary will pay something toward the cost of medical care.

There is no cost share for hospice or for services received through VA medical facilities. This includes durable medical equipment items obtained through the VA (see Durable Medical Equipment), services received at VA facilities under the CITI program, or medications obtained through the Meds by Mail program.

### **What is an allowable amount?**

The allowable amount is the maximum payment that CHAMPVA will authorize for a covered medical service or supply. The allowable amount is determined prior to cost sharing and the application of the deductible and other health insurance payment. The CHAMPVA-determined allowable amount is equivalent to that allowed by the Department of Defense TRICARE program and Medicare for similar services.

### **Is there catastrophic cap protection?**

Yes. To provide financial protection against the impact of a long-term illness or serious injury, CHAMPVA has established an annual (calendar year) limit for out-of-pocket expenses for covered services paid by each CHAMPVA-eligible family. This is the maximum out-of-pocket expense a family can incur for CHAMPVA-covered services and supplies in a calendar year. The CHAMPVA catastrophic cap is \$3,000 per calendar year. Credits to the catastrophic cap are applied starting January 1st of each year and run through the end of the calendar year, December 31st. Upon meeting the limit, CHAMPVA pays 100% of the allowable amount for covered services for the remainder of the calendar year.

### **What does CHAMPVA pay for ambulatory services?**

Facility charges associated with procedures performed in an ambulatory surgery setting (includes both hospital-based settings and free-standing surgical centers) are based on a payment system in which a fixed rate for the surgical procedure is adjusted for local costs. CHAMPVA pays 75% of the allowable amount for costs incurred in this type facility. The allowable for ambulatory surgery is the lesser of the CHAMPVA established maximum allowable amount or the billed charge.

### **What does CHAMPVA pay for dental services?**

For authorized dental services, CHAMPVA pays 75% of the allowable amount after the deductible has been met. The allowable for dental services is the lesser of the CHAMPVA established maximum allowable amount or the billed charge.

### **What does CHAMPVA pay for durable medical equipment (DME)?**

DME obtained through a local supplier: The CHAMPVA-determined allowable for DME is the lesser of the maximum allowable amount or the billed charge. CHAMPVA will pay 75% of the allowable amount after the deductible is met.

Durable Medical Equipment (DME) obtained through the VA: CHAMPVA pays the full cost for covered items obtained through a VA source.

Preauthorization is required for all durable medical equipment (DME) with a purchase price or total rental cost of \$300 or more.

### **What does CHAMPVA pay for home health services?**

The allowable is the lesser of the CHAMPVA established maximum allowable amount or the actual billed charge. CHAMPVA pays 75% of the allowable amount for covered services.

## What does CHAMPVA pay for hospice services?

The CHAMPVA allowable amount is based on national Medicare rates for hospice services. There are Medicare pre-determined rates for routine home care, continuous home care, inpatient respite care, and general inpatient care. These rates are updated yearly. Separate payments are made for direct patient care services provided by an attending physician.

## What does CHAMPVA pay for inpatient services?

An inpatient service occurs when the admission to a hospital is for 24 hours or more, or when the admission was intended to last for more than 24 hours.

### Facility Charges:

- CHAMPVA uses a Diagnostic Related Group (DRG) payment system to calculate the cost for most inpatient hospital services provided. This payment system is based on an episode of care. The DRG payment rates are based on an average cost of local care and the allowable amount may be either more or less than the billed amount. This is generally equivalent to the DoD TRICARE or Medicare rate.
- Under this system, CHAMPVA pays the allowed amount less the beneficiary cost share which is the lesser of:
  - The annual adjusted per day amount multiplied by the number of inpatient days or
  - 25% of the hospital's billed charges, or
  - The DRG rate.
- The DRG rate does not apply to all inpatient facilities. DRG rates are not applicable to cancer hospitals, Christian Science sanatoriums, foreign hospitals, long-term hospitals, non-Medicare participating hospitals, skilled nursing facilities, rehabilitation hospitals, and sole community hospitals (that have a special exemption from Medicare). When the DRG rate does not apply, CHAMPVA pays 75% of the billed amount for covered services and supplies.

### Professional Services:

- These services include physicians' fees and anesthesia services. The CHAMPVA-determined allowable is the lesser of the CHAMPVA established maximum allowable amount or the billed charge. CHAMPVA pays 75% of the allowed amount.

## What does CHAMPVA pay for mental health services?

The allowable amount for inpatient care in psychiatric hospitals and discrete psychiatric units within hospitals that do not use the DRG payment system is based on a daily rate. The daily rate is based on locally determined costs. High volume and low volume treatment centers may bill differently for services. A facility with a combined total of more than 25 CHAMPVA and DoD TRICARE admissions would be considered a high volume center while a center that sees few CHAMPVA beneficiaries would be considered a low volume facility.

High Volume (to include residential treatment centers): The allowable amount is the lesser of the facility specific fixed daily rate multiplied by the number of authorized days in the facility or the billed charge. CHAMPVA pays 75% of the allowable amount.

Low Volume: The allowable amount is the lesser of the annually adjusted regional fixed daily rate multiplied by the number of covered inpatient days or the billed amount. CHAMPVA pays the allowable less the beneficiary cost share which is the lesser of 25% of the billed amount or a per day amount times the number of inpatient days.

Professional Services: There are other charges for services that may not be included in the daily rate charges such as physician's services. The allowable amount of these services is the lesser of the CHAMPVA established maximum allowable amount or the actual billed charge. CHAMPVA pays 75% of the allowable amount.

## What does CHAMPVA pay for outpatient services?

The allowable amount for outpatient services is the lesser of the CHAMPVA established maximum allowable amount or the actual billed charge. After the deductible has been met, CHAMPVA will pay 75% of the allowable amount.

## What does CHAMPVA pay for pharmacy services?

Medications obtained from a local pharmacy: The CHAMPVA allowable amount for pharmacy services is the average wholesale price (AWP) plus a \$3.00 dispensing fee. CHAMPVA pays 75% of the allowable amount after the deductible has been met.

Medications obtained through Meds by Mail: CHAMPVA pays the full cost of covered prescriptions.

Medications obtained through CITI participation: CHAMPVA pays the full cost of covered prescriptions.

### **What does CHAMPVA pay for skilled nursing services?**

CHAMPVA pays 75% of the allowed amount for covered services and supplies.

### **Must the provider accept the CHAMPVA allowable amount as payment in full?**

Yes. Under the provisions of 38 CFR 17.272(b)(2) and (3), the CHAMPVA-determined allowable amount for medical services and supplies is payment in full. The medical provider cannot bill the beneficiary for the difference between the amount billed to CHAMPVA and the CHAMPVA-determined allowable amount. The beneficiary is responsible, however, for payment of services and supplies that are not covered under CHAMPVA.

### **How do I get more information?**

- Check our web site at [WWW.VA.GOV/HAC](http://WWW.VA.GOV/HAC), select CHAMPVA
- Write us at P.O. Box 65023 Denver, CO 80206-9023
- E-mail us at [HAC.INQ@MED.VA.GOV](mailto:HAC.INQ@MED.VA.GOV)
- Call 1-800-733-8387, Monday-Friday from 8:15 AM - 6:00 PM Eastern Time.

## CHAMPVA Payment Summary

| BENEFIT  | DEDUCTIBLE? | BENEFICIARY PAYS   | CHAMPVA PAYS                                  |
|--|-------------|--|---|
| Ambulatory Surgery Facility Services   | NO          | 25% of CHAMPVA allowable   | 75% of CHAMPVA allowable                      |
| Professional Services  | YES         | 25% of CHAMPVA allowable after deductible  | 75% of CHAMPVA allowable                      |
| Durable Medical Equipment (DME) Non-VA Source  | YES         | 25% of CHAMPVA allowable after deductible  | 75% of CHAMPVA allowable                      |
| Inpatient Services DRG Based   | NO          | Lesser of: 1) per day amount x number of inpatient days; 2) 25% of billed amount; or 3) DRG rate | CHAMPVA allowable less beneficiary cost share |
| Inpatient Services: Non-DRG Based  | NO          | 25% of CHAMPVA allowable   | 75% of CHAMPVA allowable                      |
| Mental Health: High Volume/ RTC  | NO          | 25% of CHAMPVA allowable   | 75% of CHAMPVA allowable                      |
| Mental Health: Low Volume  | NO          | Lesser of: 1) per day amount x number of inpatient days; or 2) 25% of billed amount              | CHAMPVA allowable less beneficiary cost share |
| Outpatient Services (i.e. doctors visits, lab/radiology, home health, skilled nursing visits, ambulance) | Yes         | 25% of CHAMPVA allowable after deductible  | 75% of CHAMPVA allowable                      |
| Pharmacy Services  | YES         | 25% of CHAMPVA allowable after deductible  | 75% of CHAMPVA allowable                      |
| VA Source (DME, MbM, CITI)   | NO          | Nothing  | 100% of VA cost                               |